

HOW FRANCE FOUND HERSELF AMID THE AGONY OF WAR

AFTER THE GERMANS HAD BEEN DRIVEN OUT, THESE RUINS WERE ONCE A PROSPEROUS VILLAGE.

ONE OF THE FRENCH MUNITION DEPOTS AT THE FRONT. HERE ARE STORED INNUMERABLE SHELLS OF EVERY CALIBRE FROM THOSE FOR 16 INCH GUNS DOWN.

VIEW OF THE VALLEY OF THE SOMME, SHOWING THE CHARACTER OF THE COUNTRY WHERE THE ANGO-FRENCH OFFENSIVE IS IN PROGRESS.

TRENCH DUG BY GERMANS

ONE OF THE BIG GUNS OF THE NEW FRENCH ARTILLERY WHICH IS SMASHING THE GERMANS AT THE SOMME.

Russian Writer Who Gave Arm for Cause Relates Striking Instances of New National Spirit Which Has at Last Emerged From the Shadow of '71

By FRANK WARD O'MALLEY.

ONE would scarcely associate the word "comfortable" with days and nights of steady fighting in the first line trenches of northern France, yet comfortable was the precise word used the other day by a young Lieutenant of French infantry in his apartments in the Hotel Biltmore while describing hard experiences that had carried him through the war from its very beginning until a few weeks ago.

His name is Zinoviy Pechkoff, and he is a dark eyed, slight young Russian writer who was busy with art and literary reviews in Italy when the first drive through Belgium was begun by the Germans. And when a few days ago he spoke of the "comfort" of the trenches (as compared with the cold and wet and miseries of the uncovered, shallow trenches of his first days as a private in the Foreign Legion) he was but putting into other words the optimism of military, social and industrial France which, he said, constantly confronts the visitor to the reform France of to-day.

The reason the trenches were comfortable to Lieutenant Pechkoff, one realized without his saying so, was not because he had been permitted to take things easy during his two years of

service. The tiny bits of ribbons on his lapel which showed that he has been decorated with the War Cross with palm and the Military Medal of Valor were evidence sufficient that the young writer of frail physique had done a man's job for France, had labored as hard as his fellow fighters in the trenches.

And if more evidence were needed he carried another mark of his work in the trenches which also may be spoken of as a decoration. It was an empty coat sleeve on the right side, mute reminder that henceforth his writings must be done with the left hand; for German shrapnel had ripped his right arm off at the shoulder.

There were no regrets uttered, however—only glowing tributes to the French and exaltation over the new France which is coming, has already come, out of a baptism of fire; a France freed from lethargy and, as Lieutenant Pechkoff put it enthusiastically, "finding a force within herself" which has resulted in the building of great munition plants and other factories—to mention only one plant recently visited by Lieutenant Pechkoff, 20,000 men were working in it as against 3,000 employees in the same factory before war was declared; a force that has enabled the French themselves to do almost incredible things in bringing their army, naval and aeronautical equipment from a point far below that of the Ger-

mans in the first days of the war to a present day approach to perfection high above that of their Teutonic foes. Most of all, the France of to-day, once she found that she had been sleeping but was awake again, glories in the first full flush of her realization that the under dog feeling from which she had suffered since the day of her defeat by Prussia more than forty years ago—which gripped her even when she tried to beat back the oncoming Germans in the first weeks of the present war—has gone forever from the hearts of Frenchmen.

"France is sure now," so Lieutenant Pechkoff put it the other day, "that her fatal victory in this war will be a military victory, won by her arms and the arms of her allies."

"Perhaps for a little while back in the dark days of 1914 she had hoped that internal conditions in Germany, perhaps a revolution or some other great Teutonic political disturbance, would play an important part in the winning of the war for France. But as the fighting went on and circumstances awakened within her own frontiers a great force for rejuvenation which she had not suspected had been slumbering there, she went all that hangdog feeling of the beaten champion."

"Now France would win the war perhaps by superior military ability and equipment alone, she began to



JUST A CHURCH ON THE FIGHTING LINE.

whisper to herself. And as her factories grew over night into great plants and her army at the front began to receive from these factories guns and motor trucks and tractors—made in France—the first doubts faded until to-day only certainty of complete military superiority, and consequently military victory in the end, fills the

background of trees or the yellow grain of the fields. If they had had the concrete thing of to-day—ah, I wish I knew your language well enough to put into words just what those fine military traditions of France meant when the awakening of the late winter and spring of 1915 came to pass."

Lieutenant Pechkoff, who about the time of the awakening, or on May 9, 1915, lost his arm at Neuville Saint Vaast, has come to America to assist in the raising of funds for the American relief work in France. He delivered a lecture at West Point last Sunday, has spoken to big audiences at Toronto and Ottawa and at Tuxedo, N. Y., and is soon to speak at Columbia University. Before coming to America he addressed the Italian court at the invitation of the Queen.

His remarks to the reporter at the Biltmore in the past week concerning the comparative ease of life in the advanced trenches of to-day came about during his contrast of the present situation with the relatively unprepared condition of the French army of the first days of the war—an army of infantry sent out without proper artillery cover and wearing brilliant red caps and red trousers, the men huddled in shallow, unprotected trenches in the rain to offer themselves as scarlet targets to an enemy that had thought to supply itself with legions of great guns and had not forgotten even such details as the fashioning of uniforms of an invisible gray.

"The French couldn't take off all our bright red and blue uniforms," said Lieutenant Pechkoff with a reminiscent grin, "even when France realized the absurdity of sending soldiers wearing red clothes out against the green

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IT IS GENUINE DEMAND THAT RULES THE RISING TIDE OF PRICES

THE prices of staples and commodities have increased more rapidly within the last six months than during all the preceding twenty months of war born business activity. The effect of some of the early increases already is manifesting itself in the increased cost of living, but business men are of the opinion that the high record prices of to-day are but poor samples of those yet to come. The articles being consumed in everyday use at the present time were made of raw materials purchased some time ago at prices considerably below those now prevailing. Just what will be the prices of finished products made of sixty-three dollar steel, two dollar wheat and nineteen cent cotton by labor, which is receiving the highest wages ever paid, is a matter for intensive calculation.

Previous price inflations have been short lived. They have proceeded from suddenly rising demand and have ended in suddenly falling demand. Their courses have been marked by the spirited bidding up of prices and the consequent overstocking of manufacturers and merchants with raw materials and finished goods. When the demand for goods was satisfied the bottom suddenly fell out of everything in the general scramble to unload. Then, starting at rock bottom, supply and demand proceeded slowly and painfully to readjust themselves.

In the present instance none of these familiar conditions exists. Circumstances are altogether different from any which ever have been known before. When Europe plunged into war she not only ceased producing for her own account, she started to consume her own supply of everything useful and to denude the whole world's stocks as well. Speculation and overstocking have had little if anything to do with the inflation of prices which has taken place since August, 1914.

Both phenomena have appeared on an enormous scale of course, but their combined effect in raising prices has been an insignificant trifle when compared to that of genuine demand. The consumptive and destructive capacity of Europe at war surpasses belief. It is so great that there is no opportunity for the vast accumulation of stocks which has ended every preced-

ing period of inflation in panic. The insatiable maw of the war god consumes everything as fast as it is produced. Further advances in prices are but the echo of his call for more. Although it may seem ridiculous to speak of economic exhaustion in the United States, several authorities recently have been quoted as saying that all the earmarks of such a condition are present—in a technical sense, at least. The rise of the average price of eight leading steel products to the highest figure ever recorded last week was accompanied by a relatively greater rise in the prices of pig iron and coal, and harks all the way back to fundamentals. Men are beginning to inquire what it avails us to have vast supplies of coal and iron underground if we cannot get them to the mills and foundries for use, or if the mills and foundries themselves have not sufficient capacity to keep pace with the demand for their products.

A part answer is furnished by the growing deterioration in the maintenance of way and equipment departments of the railroads, which are unable to buy the rails, engines, cars, hardware and miscellaneous supplies they need in order adequately to handle the avalanche of traffic under which they are staggering along—to say nothing of making current necessary repairs. The factories too are being driven under full load twenty-four hours a day, with neither the time nor the material to correct wear and tear at their disposal. The construction of additional mining and manufacturing capacity with which to cope with the ever growing demand is likewise out of the question. The time and material necessary for such work are in too great demand at too tempting prices for other purposes.

The one thing that can happen in these circumstances is for prices to rise and to continue rising. When there is not enough of things to go around it always is the highest bidder who gets what he wants. The rest of the world has to go on short rations. This is exactly what is taking place.

The entire output of the steel industry has been preempted for the year 1917. The last unfilled tonnage report of the Steel Corporation actually showed a decrease in forward orders, not because there was no more business to be had but because of a physical impossibility to handle any more business, no matter at what price.

METALS.			
	Aug. 1916.	Recent.	
Basic pig, Valley, ton.....	\$13.00	\$19.50	
Billets, Bessemer, Pittsburgh, ton.....	20.25	45.00	
Local, No. 2 pig, Chicago, ton.....	13.69	19.50	
No. 2 foundry, Philadelphia, ton.....	14.75	20.50	
Steel bars, Pittsburgh, pound.....	1.19	2.75	
Steel rails, standard, open hearth, ton.....	\$30.00	\$35.00	
Steel rails, Bessemer, ton.....	28.00	33.00	
Lake copper, New York, pound.....	17.25	28.00	
Electrolytic copper, New York, pound.....	15.87½	28.50	
Spelter, St. Louis, pound.....	9.87½	9.50	
Lead, New York, pound.....	4.12	7.90	
Tin, New York, pound.....	47.25	40.75	
HIDES AND LEATHER.			
	Aug. 1916.	Recent.	
Union, middle backs, lb.....	.43	.60	
Native steer hides, No. 1, lb.....	.20	.26	
Oak scored backs, No. 1, lb.....	.48	.62	
Hemlock, No. 1, medium.....	.32	.36	
NAVAL STORES.			
	Aug. 1916.	Recent.	
Tar, reg., Wilmington, bbl.....	\$2.00	\$2.00	
Rosin, good, Savannah, bbl.....	8.50	6.20	
Turpentine, mach., reg. gal.....	.455	.55	
PAPER MAKING MATERIALS.			
	Aug. 1916.	Recent.	
Alum, lb.....	.01	.045	
Bleach, lb.....	.01½	.13	
Fourdrinier wires, sq. ft.....	.29	.39	
Lumber, 31 ft., yellow, bu.....	13.00	18.50	
Bleached sulphite, cwt.....	2.65	4.50	
Thirds and blues, rags, cwt.....	1.35	2.12½	
Aniline, lb.....	.40	20.00	
Soda ash, cwt.....	.85	4.00	
Magazine stock, cwt.....	1.00	1.35	
Rosin, bbl.....	3.75	6.70	
Satin, white, dry, lb.....	.05	.60	
Caseln, lb.....	.06½	.30	
GRAIN.			
	Aug. 1916.	Recent.	
Wheat, No. 2, red winter, bu.....	\$.965	\$ 1.68	
Oats, No. 2, bu.....	.46	.52	
Corn, No. 2, yellow, bu.....	.93	1.04	
Barley, No. 2, Milwaukee, bu.....	.73	.85	
Rye, Western, bu.....	.87	1.09	
Flour, Minn., pat., bbl.....	4.60	8.95	
OILS.			
	Aug. 1916.	Recent.	
Petroleum, crude, N. Y., bbl.....	\$ 1.35	\$ 2.60	
Petroleum, refined, gal.....	.087	.11	
Gasoline, gal.....	.17	.23	
Linsseed, gal.....	.60	.77	
Cottonseed, crude, prime, N. Y., lb.....	.063	.09	
Castor, No. 1, lb.....	.085	.20	
Olivo, Italian, gal.....	1.00	1.90	
TEXTILE MATERIALS.			
	Aug. 1916.	Recent.	
Cotton, middling, lb.....	.08	.19	
Cotton, sheetings, Southern, yd.....	.0775	.0825	
Standard sheetings, Boston, yd.....	.0625	.075	
Ginghams, Amosk, staple, yd.....	.035	.0375	
Print cloth, 34 in., Boston, yd.....	.28	.31	
Wool, Eastern, washed, Boston, lb.....	.72	.92	
Wool, Texas, super, secured, lb.....	.075	.135	
Manila, hemp, lb.....	.075	.135	
Java, average of grades, lb.....	.075	.135	
Silk, best No. 1, lb.....	4.10	4.61	
Flax, New Zealand, spot, lb.....	.0675	.105	
DRUGS.			
	Aug. 1916.	Recent.	
Alum, lb.....	.0175	.055	
Bicarbonate of soda, lb.....	.011	.02	
Borax crystals, lb.....	.0425	.08	
Carbolic acid, lb.....	.50	1.10	
Caustic soda, 60 per cent, lb.....	.018	.06	
Quinine, domestic, ounce.....	.31	.80	
Opium, lb.....	9.00	11.50	
Alcohol, U. S. P., gal.....	2.52	2.70	
Phosphate rock, 2,000 lbs.....	6.00	6.90	
Sulphuric acid, 68 deg., 100 lbs.....	1.00	2.50	
Nitric acid, 36 deg., lb.....	.03875	.0625	
*Nominal.			

At \$1.68 wheat stands at the highest genuine supply and demand price attained since the food panic which accompanied the crisis of the civil war. In August, before the wheat season was six weeks old, \$4,000,000, or more than one-third the then estimated surplus for the year, had been exported. The actual surplus has since been ascertained as considerably below the estimate made at that stage of the harvest, and \$2 wheat is commonly spoken of as a foregone conclusion.

The performance of cotton prices under the stimulus of extraordinary demand is even more spectacular. From a price of eight cents a pound in August, 1914, at which level everybody in the country with a few dollars of spare was bought to "buy a bale of cotton" in order to save the South from ruin, that staple has soared with hardly a setback to prices never known before in a market where supply and demand had free rein. Twenty cent cotton, like two dollar wheat, has ceased to seem altogether a nebulous fancy.

The South, incidentally, is far from facing the ruin which was so freely predicted shortly after the outbreak of war. On the basis of 18 cents and the Government's last estimate of 11-cent cotton, the South would receive more than a billion dollars for its staple, exclusive of last season's carry over of 2,000,000 bales and the sale of linters and cottonseed oil, both of which likewise are selling at wartime prices.

The advance of copper metal from 13 cents a pound shortly before the outbreak of war, through 16 and 17 cents in August, 1914, to 27 and 29 cents at the present time is no less spectacular than the courses of steel, wheat and cotton. Also it is not to be forgotten that copper is no more of a

law unto itself than are the other basic materials. Just as a scarcity of wheat and the consequent advance in the price of that commodity entails advances in the prices of many food products, and the advance of coal, iron and steel prices entails advances in the prices of myriads of articles of everyday use, so the scarcity and advance of copper entails increased costs for brass, bronze, wire and a long chain of other useful and necessary things.

The increase in the cost of white paper all over the world is another phenomenon with which all people are more or less familiar, and the scarcity of this material, like that of the others mentioned, harks all the way back to fundamentals. The scarcity of labor in Canada, whence most of the wood pulp for this country comes, has sent the price of that raw material up between \$2 and \$3 a cord, which af-

fects the price of paper by as much as \$3 or \$4 a ton.

The increase of about 90 cents in the cost of coal used in paper making adds another dollar or two to the price of the finished product, and when the increase in the prices of alum, bleaching powder, soda ash, caseln, rosin and many other materials which go into the manufacture of white paper are taken into account the advance of ordinary news print from 23 cents to 25 cents a pound since the beginning of the war is not difficult to understand.

The insatiable demands of Europe, augmented by the increased consumptive wants of our own more prosperous market, have virtually denuded the United States of all the leather for which the American people have failed to bid as high as France, and England. So great has been the demand for this basic material that when

the genuine article began to disappear from the market under the stimulus of European bidding a large business in artificial leather sprang up and prospered, filling the vacuum created in the home market. The artificial material to-day commands a higher price than that commonly paid for real leather before the war.

This scarcity of leather and leather manufactures is not confined to the United States. A shipping expedition vessel laden chiefly with American shoes and bound for South America was wrecked in the Caribbean Sea. She was saved by a British steamer and taken to Cape Town, South Africa. There the shoes, which had been billed at \$25 a pair to their Latin-American consignees, were sold at auction for \$2 a pair. Nor is the end of this demand for leather yet in sight. The British Government recently has commandeered all the leather in the United Kingdom, proving conclusively that the artificial leather industry of this country is to import from anywhere all the leather the Entente armies will need regardless of any price she may offer for it.

The many embargoes placed by foreign governments upon the exportation of basic materials are believed to throw additional light upon the pace at which the economic exhaustion of the world is proceeding. The scarcity of labor in Europe is of course a natural concomitant of war, but its scarcity in the United States and in other neutral countries is a measure of the insatiable demand for goods which overtake demand at its present level, as well as a contributing cause to the unprecedented rise in prices.

The only thing that seems plentiful these days is money, and this has been true in increasing degree ever since the onsets of inflation began, despite the continuously diminishing purchasing power of the dollar. The idea that European bankruptcy would end the war in a short time, which was freely predicted two years ago, seems to have been abandoned. No one speaks of such a contingency now. Instead there is talk of economic exhaustion, which is quite another thing although most men admit that even this seems still a long way off. There is a growing conviction, however, that this economic exhaustion or impairment of productive capacity is not confined to the warring nations, and that after the war a tremendous amount of reconstruction and upkeep work will be

necessary in this country as well as in Europe.

These considerations have led men to believe that a financial crash, such as has attended the culmination of all other inflationary movements is not to be expected, and they are proceeding with the inflation without fear of such a development. It is believed that when the mad scramble for gold which accompanied the outbreak of the war ended all danger of financial catastrophe ended also. As soon as the European Governments had used up all the real money they had at their disposal they began using their credit. The extent to which the credit of a sovereign State can be stretched is something which never has been fairly tested.

As one banker recently has expressed it: "Under the spell of Government promises to pay, secured by every sort of collateral that can be hypothecated, when the mad scramble for gold which accompanied the outbreak of the war ended all danger of financial catastrophe ended also. As soon as the European Governments had used up all the real money they had at their disposal they began using their credit. The extent to which the credit of a sovereign State can be stretched is something which never has been fairly tested."

In the ordinary course of events such price would be expected to make the producers and sellers inordinately rich. They hardly can be expected to do so in this instance, however, because the moment credit was introduced into the transaction on so tremendous a scale it became inevitable that the goods now being bought will be paid for not with money, but with other goods. Since the inflation which this wholesale use of credit has brought about cannot be corrected until final settlement shall have been made, it follows that the goods with which payment will be effected will be fully paid for, not with money, but with the things they will pay.

Therefore, when the smoke blows away, so to speak, nobody will be much the better off. The men who think they have made fortunes will find that the things they will have to buy to keep their business going will be so expensive as to consume a goodly part of their paper profits. The readjustment will be a simple process of cancelling inflated debts with correspondingly inflated credits, and the whole bloated price structure will be let down in this manner, one step at a time, until it reaches the supply and demand conditions of normal times once more.

The figures tell the story.